



Memorandum
Office of the President
Lander University

June 6, 2017

Mr. Brian D. Lamkin
Inspector General
Office of the Inspector General
111 Executive Center Drive, Suite 204
Synergy Business Park
Enoree Building
Columbia, SC 29210-8416

Dear Mr. Lamkin:

Thank you for the opportunity to respond to your *Review of Lander Foundation Oversight and Financial Management Issues*. Although the findings encompass a time period that mostly predates my tenure and that of most of my leadership team, please know that we are committed to responding to these issues in a timely and transparent manner for the benefit of Lander's students, faculty, staff, alumni and friends. Consequently, I submit our response to your Findings and Recommendations, as follows:

Finding #1: The Foundation Board did not exercise adequate governance and oversight and lacked essential policies and procedures for the management and control of its organization.

Recommendation #1a: The Board should implement required and recommended policies and procedures.

Response: Lander has recruited a new Vice President for University Advancement and Executive Director of The Lander Foundation. She assumed her duties on April 16, 2017. As such, The Lander Foundation's new Executive Director has appointed an ad hoc committee to research, compile and implement a complete set of policies and procedures on or before the next Lander Foundation Board of Trustees meeting, scheduled for on or before December 31, 2017.

Recommendation #1b: The Board should seek guidance in board governance from nonprofit associations and other resources in addition to implementing board orientations for all members, along with providing Foundation governance documentation to the members.

Response: The Lander Foundation staff will plan, schedule and conduct orientation sessions for all current and future Board members. Also, we will seek guidance on Board governance from organizations such as the Association of Governing Boards of Colleges and Universities (AGB). All Foundation Board members will go through the Board orientation by December 31, 2017.

Finding #2: Confusion and misunderstanding existed over responsibilities, lines of authority, and supervision among Foundation staff, the Foundation Board, and LU staff, which created an environment that resulted in questionable expenditures that lacked benefit to either the Foundation or LU.

Recommendation #2: LU and Lander Foundation leadership should develop and implement a memorandum of understanding or operating agreement modeled after recommended agreements between universities and supporting foundations and ensure those involved in each organization are familiarized with the agreement.

Response: With the guidance of legal counsel and reliance on industry best practices we will prepare a memorandum of understanding between Lander University and The Lander Foundation to be approved by the Lander University Board of Trustees and The Lander Foundation Board of Trustees. This will be presented to the Lander University Board of Trustees on September 19, 2017 and The Lander Foundation Board on November 16, 2017.

Finding #3: The Foundation's fundraising efforts underperformed which resulted in no growth in its endowment or support to LU and minimal unrestricted revenue to offset its operating costs.

Recommendation #3: The Foundation and LU should hire experienced development staff and charge that staff with developing, in conjunction with the Foundation Board and LU leadership, a sound fundraising strategy and plan consistent with the LU's strategic plan needs.

Response: In April 2017, Lander University hired a new Vice President for University Advancement and Executive Director of the Lander Foundation. The new Vice President has over 30 years of experience in a broad range of advancement, marketing and public

relations roles with professional and higher education organizations, including experience in developing successful fundraising strategies. Next steps include hiring staff experienced in fundraising and development activities; in May 2017 the search process began for hiring two positions to begin meeting those needs. Those positions are Administrative Coordinator and Executive Director of Alumni Affairs. Additionally, Lander University will begin recruitment of a Director of Annual Giving in the 2017-18 fiscal year with primary duties to include raising funds for unrestricted purposes.

Finding #4: The Foundation was made the custodian of funds associated with the LU's athletic department and expended those funds outside the control of LU management.

Recommendation #4a: The Foundation should only receive proceeds of fundraising efforts related to LU athletics that represent donations or contributions, and should periodically transfer those funds intact to LU to expend.

Response: In response to Lander University athletics, the Lander Foundation will receive its donations or contributions, not revenue from athletics operations. We will also develop a process for transferring those funds to Lander University to expend.

Recommendation #4b: LU athletic funds in the categories of advertising and sponsorship revenue, concession revenue, fees for campus and activities and any other funds not considered donations, should be deposited and expended by LU.

Response: Only donations for Lander University athletics will be deposited with the Lander Foundation; revenues for all other operational activities will be deposited and expended by Lander University.

Finding #5: Several leases of Foundation property carry questionable lease terms and may have been structured to produce a return greater than their costs to the Foundation.

Recommendation #5: All leases between LU and the Foundation will be reviewed and analyzed to assure their terms are on a nonprofit, cost recovery basis to the Foundation; any that are not should be renegotiated.

Response: With the advice of legal counsel, all current and future leases between Lander University and the Lander Foundation will be reviewed and analyzed to determine if lease

terms should be revised to ensure compliance with State of South Carolina and other applicable guidelines. All leases will be reviewed by December 31, 2017.

Finding #6: LU provides significant, unreimbursed support to the Foundation in the value of the staff performing the work of the Foundation and a facility provided for the Foundation's offices, while the Foundation raises little unrestricted funds to support its operating costs.

Recommendation #6: The Foundation should assess all unutilized properties with LU management and jointly decide if any property should be sold to raise funds for LU or Foundation needs, as appropriate within any related restrictions.

Response: Lander University and Lander Foundation leadership will conduct a review of Foundation properties and determine if any properties represent candidates for sale to raise funds for the Foundation. In addition, a Director of Annual Giving will be hired in the 2017-18 fiscal year with primary duties to include raising funds for unrestricted purposes.

Thank you for your diligent work in examining the Lander Foundation and thank you also for the opportunity to respond to your findings and recommendations. Our leadership at Lander University and the Lander Foundation are intensely committed to resolving the issues you identified and building a stronger, successful Foundation.

Yours truly,

A handwritten signature in black ink, reading "Richard Cosentino". The signature is fluid and cursive, with the first name "Richard" and last name "Cosentino" clearly legible.

Richard Cosentino
President
Lander University